



U.S. Department of Justice  
United States Attorney  
District of Kansas

## NEWS RELEASE

Eric Melgren, U.S. Attorney

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**FOR IMMEDIATE RELEASE**

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### THAYER, MISSOURI, MAN SENTENCED FOR MONEY LAUNDERING AND WIRE FRAUD

WICHITA, Kan. – United States Attorney Eric Melgren announced that **George Shepard**, 52, Thayer, Missouri, was sentenced today by U.S. District Judge J. Thomas Marten **to 33 months in federal prison, without parole, to be followed by three years of supervised release and ordered to pay \$106,328.71 in restitution.**

Melgren said that Shepard was found guilty on July 12, 2002, following a four day jury trial of twenty-four counts of money laundering, one count of wire fraud, one count of conspiracy to commit money laundering, and one count of transporting stolen goods.

Melgren stated that co-defendant **Kim Shepard**, 28, Thayer, Missouri, (son of George Shepard), is currently awaiting sentencing. Kim Shepard was found guilty on July 24, 2002, following an eight day jury trial to eighteen counts of money laundering, one count of wire fraud, and one count of conspiracy to commit money laundering.

Melgren said that according to court testimony, from February 1998 through June 1998, George and Kim Shepard were involved in a conspiracy to defraud KN Energy, now doing business as Kinder Morgan. According to testimony, in 1997 KN Energy entered into a contract with Mobile Oil Corporation to construct compressor stations for pipelines in Liberal, Kansas. KN Energy retained Cisneros Welding and Construction (CWC) of Odessa, Texas, to be the contractor for this project. Testimony showed that George Shepard and Kim Shepard worked for Gibbs Ellison, a subcontractor of KN Energy, as welding inspectors on the project. Testimony further showed that George Shepard and Kim Shepard created fraudulent documentation that was sent to CWC which caused CWC to issue welder payment checks to real and fictitious employees for wages and rental fees that were not earned by these employees and to issue checks to a fictitious vender to pay fictitious rental equipment charges. According to court testimony, George Shepard and Kim Shepard received these checks in Kansas from CWC and cashed the checks or mailed them to their banks in Arkansas or Missouri. Testimony also established that during this time George Shepard transported stolen property that belonged to KN Energy from Liberal, Kansas, to Thayer, Missouri.

Melgren commended the excellent work of the Internal Revenue Service Criminal Investigation, the FBI, the KBI, and the Liberal Police Department in this investigation.